

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 10, 2022

Company name: CREO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9698 URL <https://www.creo.co.jp>
 Representative: President and Representative Director Junichi Kakizaki
 Inquiries: Managing Director, Operating officer Kazuhiko Toriya TEL 03-5783-3560
 Scheduled date of ordinary general meeting of shareholders: June 23, 2022
 Scheduled date to file Securities Report: June 27, 2022
 Scheduled date to commence dividend payments: June 24, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts, financial institutions, institutional investors and general investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	14,784	–	1,060	–	1,107	–	657	–
Year ended March 31, 2021	14,745	0.8	1,131	8.3	1,195	9.2	776	6.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	80.28	–	9.6	11.6	7.2
Year ended March 31, 2021	94.90	–	12.2	13.1	7.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	9,777	6,997	71.6	854.65
As of March 31, 2021	9,336	6,642	71.1	811.44

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	1,110	(389)	(330)	4,317
Year ended March 31, 2021	494	(399)	(296)	3,927

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	0.00	–	38.00	38.00	326	40.0	4.9
Year ended March 31, 2022	–	0.00	–	39.00	39.00	334	48.6	4.7
Year ending March 31, 2023 (Forecast)	–	0.00	–	40.00	40.00		40.9	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	7,330	2.3	420	(11.7)	425	(14.1)	245	(4.2)	30.46
Full year	15,350	3.8	1,230	16.0	1,260	13.8	800	21.7	100.12

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: Yes

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	8,650,369 shares	As of March 31, 2021	8,650,369 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	463,281 shares	As of March 31, 2021	464,681 shares
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Average number of shares during the period

Year ended March 31, 2022	8,186,091 shares	Year ended March 31, 2021	8,185,732 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	3,927	4,317
Notes and accounts receivable - trade	3,203	–
Notes and accounts receivable - trade, and contract assets	–	3,228
Merchandise and finished goods	13	13
Work in process	352	259
Other	201	198
Total current assets	7,697	8,017
Non-current assets		
Property, plant and equipment		
Buildings and structures	350	358
Accumulated depreciation and impairment	(129)	(142)
Buildings and structures, net	221	215
Tools, furniture and fixtures	197	200
Accumulated depreciation and impairment	(135)	(145)
Tools, furniture and fixtures, net	62	55
Leased assets	36	23
Accumulated depreciation	(23)	(16)
Leased assets, net	12	7
Land	18	18
Total property, plant and equipment	314	295
Intangible assets		
Patent right	0	–
Software	272	596
Software in progress	336	99
Other	0	0
Total intangible assets	609	695
Investments and other assets		
Investment securities	40	118
Deferred tax assets	288	315
Other	412	337
Allowance for doubtful accounts	(26)	(2)
Total investments and other assets	714	767
Total non-current assets	1,638	1,759
Total assets	9,336	9,777

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	693	668
Accounts payable - other	235	194
Income taxes payable	158	243
Provision for bonuses	577	556
Provision for bonuses for directors (and other officers)	15	–
Provision for loss on projects	0	165
Asset retirement obligations	14	–
Other	844	747
Total current liabilities	2,541	2,575
Non-current liabilities		
Accrued directors' retirement benefits	22	22
Provision for share awards	48	76
Asset retirement obligations	67	96
Other	14	8
Total non-current liabilities	153	204
Total liabilities	2,694	2,780
Net assets		
Shareholders' equity		
Share capital	3,149	3,149
Capital surplus	757	757
Retained earnings	3,271	3,605
Treasury shares	(537)	(535)
Total shareholders' equity	6,641	6,976
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	20
Total accumulated other comprehensive income	0	20
Total net assets	6,642	6,997
Total liabilities and net assets	9,336	9,777

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	14,745	14,784
Cost of sales	11,234	11,377
Gross profit	3,511	3,406
Selling, general and administrative expenses		
Promotion expenses	9	6
Advertising expenses	113	106
Salaries, allowances and bonuses	862	874
Provision of allowance for doubtful accounts	0	–
Retirement benefit expenses	28	30
Provision for bonuses	80	83
Provision for bonuses for directors (and other officers)	11	–
Provision for share awards	48	37
Other	1,224	1,206
Total selling, general and administrative expenses	2,379	2,345
Operating profit	1,131	1,060
Non-operating income		
Interest income	0	0
Dividend income	0	0
Compensation income	110	–
Subsidy income	31	37
Compensation for damage income	–	12
Other	6	7
Total non-operating income	147	57
Non-operating expenses		
Interest expenses	0	0
Loss on investments in investment partnerships	1	9
Compensation expenses	80	–
Other	0	0
Total non-operating expenses	83	10
Ordinary profit	1,195	1,107
Extraordinary income		
Gain on sale of businesses	–	2
Total extraordinary income	–	2
Extraordinary losses		
Loss on retirement of non-current assets	–	0
Office relocation expenses	28	58
Settlement payments	24	1
Loss on valuation of software	–	49
Total extraordinary losses	52	108
Profit before income taxes	1,142	1,001
Income taxes - current	335	379
Income taxes - deferred	25	(35)
Total income taxes	360	343
Profit	781	657
Profit attributable to non-controlling interests	5	–
Profit attributable to owners of parent	776	657

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	781	657
Other comprehensive income		
Valuation difference on available-for-sale securities	0	20
Total other comprehensive income	0	20
Comprehensive income	782	677
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	777	677
Comprehensive income attributable to non-controlling interests	5	–

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,149	559	2,781	(349)	6,141
Cumulative effects of changes in accounting policies					–
Restated balance	3,149	559	2,781	(349)	6,141
Changes during period					
Dividends of surplus			(286)		(286)
Profit attributable to owners of parent			776		776
Purchase of treasury shares				(0)	(0)
Treasury stock possession of stock ownership plan trust				(488)	(488)
Disposal of treasury shares by stock payment trust		188		300	488
Other		9			9
Net changes in items other than shareholders' equity					
Total changes during period	–	197	490	(188)	499
Balance at end of period	3,149	757	3,271	(537)	6,641

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	0	0	16	6,158
Cumulative effects of changes in accounting policies				–
Restated balance	0	0	16	6,158
Changes during period				
Dividends of surplus				(286)
Profit attributable to owners of parent				776
Purchase of treasury shares				(0)
Treasury stock possession of stock ownership plan trust				(488)
Disposal of treasury shares by stock payment trust				488
Other				9
Net changes in items other than shareholders' equity	0	0	(16)	(15)
Total changes during period	0	0	(16)	483
Balance at end of period	0	0	–	6,642

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,149	757	3,271	(537)	6,641
Cumulative effects of changes in accounting policies			2		2
Restated balance	3,149	757	3,274	(537)	6,644
Changes during period					
Dividends of surplus			(326)		(326)
Profit attributable to owners of parent			657		657
Disposal of treasury shares by stock payment trust				1	1
Net changes in items other than shareholders' equity					
Total changes during period	–	–	330	1	332
Balance at end of period	3,149	757	3,605	(535)	6,976

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	0	0	6,642
Cumulative effects of changes in accounting policies			2
Restated balance	0	0	6,644
Changes during period			
Dividends of surplus			(326)
Profit attributable to owners of parent			657
Disposal of treasury shares by stock payment trust			1
Net changes in items other than shareholders' equity	19	19	19
Total changes during period	19	19	352
Balance at end of period	20	20	6,997

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,142	1,001
Depreciation	153	271
Increase (decrease) in allowance for doubtful accounts	0	(23)
Increase (decrease) in provision for bonuses	(84)	(21)
Increase (decrease) in provision for bonuses for directors (and other officers)	(20)	(15)
Increase (decrease) in provision for loss on project contracts	(0)	165
Increase (decrease) in provision for share awards	48	28
Interest and dividend income	(0)	(0)
Interest expenses	0	0
Loss (gain) on investments in investment partnerships	1	9
Loss on valuation of software	-	49
Decrease (increase) in trade receivables	(252)	-
Decrease (increase) in trade receivables and contract asset	-	222
Decrease (increase) in inventories	(86)	(151)
Increase (decrease) in trade payables	28	(25)
Increase (decrease) in accounts payable - other	(25)	(35)
Increase (decrease) in accrued consumption taxes	65	(95)
Other, net	(8)	29
Subtotal	962	1,409
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes paid	(466)	(298)
Net cash provided by (used in) operating activities	494	1,110
Cash flows from investing activities		
Purchase of property, plant and equipment	(58)	(34)
Purchase of intangible assets	(318)	(327)
Purchase of investment securities	(2)	(60)
Payments of guarantee deposits	(11)	(3)
Proceeds from refund of guarantee deposits	0	37
Other, net	(8)	(1)
Net cash provided by (used in) investing activities	(399)	(389)
Cash flows from financing activities		
Dividends paid	(286)	(326)
Purchase of treasury shares	(488)	-
Proceeds from disposal of treasury shares	488	1
Dividends paid to non-controlling interests	(2)	-
Repayments of lease liabilities	(7)	(6)
Net cash provided by (used in) financing activities	(296)	(330)
Net increase (decrease) in cash and cash equivalents	(201)	390
Cash and cash equivalents at beginning of period	4,128	3,927
Cash and cash equivalents at end of period	3,927	4,317